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Report of the Trade and Development Board on its fiftieth session*

(Geneva, 6 to 17 October 2003)

* The present document is an advance version of the report of the Trade and Development Board on its fiftieth session, held at the United Nations Office at Geneva from 6 to 17 October 2003. It will appear in final form, together with the reports on the thirtieth executive session, twentieth special session, thirty-first executive session and thirty-second executive session of the Board, as *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 15* (A/58/15).

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CONTENTS

Chapter		Page
	INTRODUCTION	5
I.	**ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA**	
	A. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (agenda item 3)	
	Agreed conclusions 476 (L)	**6**
	B. Economic development in Africa: Issues in Africa's trade performance (agenda item 4)	
	Agreed conclusions 477 (L)	**8**
	C. Technical cooperation activities: Review of technical cooperation activities of UNCTAD (agenda item 6(a))	
	Decision 478 (L)	**10**
	D. Other action taken by the Board	16
	1. Review of technical cooperation activities of UNCTAD (agenda item 6(a))	16
	2. Report on UNCTAD's assistance to the Palestinian people (agenda item 6(b))	16
	3. Preparatory process for the eleventh session of the Conference	16
	4. Progressive development of the law of international trade: thirty-sixth annual report of the United Nations Commission on International Trade Law (agenda item 8)	16
	5. Report of the Meeting of Eminent Persons on Commodity Issues (agenda item 11)	17

II. SUMMARIES OF THE BOARD'S DISCUSSIONS ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Interdependence and global economic issues from a trade and development perspective: Capital accumulation, economic growth and structural change (agenda item 2) 18

B. Review of developments and issues in the post-Doha work programme of particular concern to developing countries: The outcome of the fifth WTO ministerial conference (agenda item 5) 22

C. Report on UNCTAD's assistance to the Palestinian people (agenda item 6(b)) 30

D. Report of the Meeting of Eminent Persons on Commodities Issues (agenda item 11) 39

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session 48

B. Election of officers (agenda item 1(a)) 48

C. Adoption of the agenda and organization of the work of the session (agenda item 1(b)) 49

D. Adoption of the report on credentials (agenda item 1(c)) 49

E. Provisional agenda for the fifty-first session of the Board (agenda item 1(d)) 50

F. Appointment for 2004 of the members of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action 50

G. Inclusion of national NGOs in the Register in conformity with Board decision 43 (7) 50

H. Review of the calendar of meetings 50

I. Membership of the Working Party for the Medium-term Plan and the programme budget for 2004 50

J. Administrative and financial implications of the actions of the Board (agenda item 10(f)) 51

K. Adoption of the report (agenda item 12) 51

Annex

I. Agenda for the fiftieth session of the Trade and Development Board 52

II. Provisional agenda of the eleventh session of the United Nations Conference on Trade and Development 54

INTRODUCTION

(i) The fiftieth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 6 to 17 October 2003. In the course of the session, the Board held nine plenary meetings – the 944th to 952nd meetings.

(ii) This report to the United Nations General Assembly has been prepared under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I), summaries of discussions under certain items (section II), and procedural, institutional, organizational and administrative matters (section III).

(iii) Volume II of the report of the Board on its fiftieth session – to be issued subsequently in TD/B/50/14 (Vol. II) – will reflect the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010

Agreed conclusions 476 (L)

The Trade and Development Board has reviewed the UNCTAD-wide activities of implementation of the Programme of Action for Least Developed Countries (LDCs) for the Decade 2001–2010 and, in this context,

1. *Takes note* of the background reports submitted by the UNCTAD secretariat as contained in documents TD/B/50/3 and TD/B/50/5 as well as of the progress report on the implementation of the Integrated Framework for Trade-Related Technical Assistance for LDCs (IF) as contained in document CRP/B/50/CRP.1;

2. *Urges* the secretariat to work together with donors with a view to reversing the declining share of LDCs in the technical cooperation resources of UNCTAD and intensifying its activities in support of the LDCs within its mandates, and to continue to report to the Board at its regular sessions on UNCTAD's activities in favour of these countries, including on activities related to the IF; and *emphasizes* the need for UNCTAD to continue to contribute to the mandated reviews by ECOSOC and the General Assembly of the implementation of the Programme of Action for LDCs for the Decade 2001–2010;

3. *Bearing in mind* the challenges faced by LDCs, *recognizes* the efforts of their Governments to promote political stability and create conducive macro-economic conditions for investment so as to exploit market access opportunities, and *urges* them to continue these efforts;

4. *Recognizes* the potential contribution of preferential market access to the sustained economic growth and development of LDCs, including for poverty reduction, through employment creation and income generation in these countries;

5. *Expresses appreciation* for the efforts of the development partners of LDCs, particularly those who have taken further initiatives to improve market access conditions for LDCs, and *urges* others who are in a position to do so, to take similar measures and implement market access commitments in favour of LDCs;

6. *Recognizing* initiatives taken so far, *invites* developing countries, in the context of South-South cooperation and including through the Global System of Trade Preferences among Developing Countries (GSTP), to make further efforts to improve market access for LDCs;

7. *Calls on* development partners to give high priority to enhancing LDCs' supply capacities and to address remaining bottlenecks hindering their market entry so as to enable them to derive full benefits from the market access offers and from other international support measures accorded to them;

8. *Encourages* the UNCTAD secretariat to intensify its activities for strengthening country ownership of the IF process, *inter alia* through the preparation of pre–Diagnostic Trade Integration Study (DTIS) activities, as well as follow-up to the DTIS Action Matrices, and *calls on* bilateral and multilateral donors to continue to provide support and financial contributions, including through the IF Trust Fund;

9. *Notes* with concern the continued decline in many commodity prices, which results in a substantial loss of export earnings for the majority of the LDCs, and *requests* the UNCTAD secretariat, in cooperation with other relevant agencies, to explore ways of strengthening activities in the fields of commodity diversification, technical assistance and capacity building so as to bring about greater value added in the commodity sector of LDCs;

10. *Encourages* the UNCTAD secretariat to undertake further work on how to enhance the benefits to LDCs from preferential market access and from other international support measures; in this context, *requests* the secretariat to perform analyses concerning the consequences to LDCs of the possible erosion of preferences resulting from further trade liberalization and, as appropriate, recommend measures to assist the LDCs to mitigate the adverse consequences;

11. *Further requests* the secretariat, in the run-up to UNCTAD XI, to identify, in collaboration with other relevant agencies, pilot projects and countries to address the issues of supply capacities and diversification with a view to enabling LDCs to benefit more effectively *inter alia* from preferential market access initiatives;

12. *Calls on* the UNCTAD secretariat, in cooperation with the World Trade Organization (WTO) and other relevant agencies, to continue to assist LDCs in their participation in the post-Doha Work Programme through, *inter alia,* trade negotiations and commercial diplomacy programmes as well as through accession-related activities, with special attention to their problems and needs as primary-commodity-exporting countries;

13. *Expresses appreciation* to bilateral donors for their continued support and financial contributions to the UNCTAD Trust Fund for LDCs and *invites* them to regularly replenish the Trust Fund, which is the main source of executing and sustaining technical cooperation programmes in LDCs;

14. *Requests* the UNCTAD secretariat to mobilize adequate extrabudgetary resources for the participation of LDCs in the preparatory process for UNCTAD XI and in the conference itself, and invites donors to earmark contributions for this purpose;

15. *Welcomes* the ongoing cooperation between UNCTAD and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States as demonstrated by the successful convening of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation in Almaty, Kazakhstan, in August 2003; and *emphasizes* that such cooperation should be further strengthened, including with other programmes and agencies of the UN system, the Bretton Woods institutions and the WTO so as to ensure that LDCs derive full and effective benefit from such cooperation.

952nd plenary meeting
17 October 2003

B. Economic development in Africa: Issues in Africa's trade performance

Agreed conclusion 477 (L)

1. The Board reviewed the report by the UNCTAD secretariat entitled "Economic development in Africa: Issues in Africa's trade performance" (TD/B/50/6), and it:

2. *Noted* that trade constituted an increasing share of Africa's gross domestic product (GDP). However, it was a matter of concern that Africa's share in international trade had fallen considerably in the past 20 years, representing 2 per cent of world trade. Its share in commodity exports where it traditionally had comparative advantage had also decreased;

3. *Recognized* that for African countries to fully benefit from trade, which in many cases is the single most important external source of development financing, the establishment and enhancement of appropriate institutions and policies are needed, and that in this context enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes also play important roles;

4. *Encouraged* African countries to continue their efforts for the promotion of peace and stability and strengthening of their economic and legal framework, which are essential factors for the strengthening of their economic and social development and the enhancement of their participation in international trade;

5. *Considered* that commodity dependence and the inability of many African countries to diversify their productive and export base, as well as secular decline in the prices of most commodities exported by Africa, were among the reasons for this poor performance. Africa thus suffered important terms-of-trade losses with a direct impact on national savings and investment and on its external debt. It noted that African producers remain at the bottom of the value chain of their exports, while the major portion of value is in general captured by traders, processors and retailers;

6. *Noted* that the decline in commodity prices was due to structural oversupply owing either to more efficient production and new entrants in the market or agricultural subsidies. In this regard, the reduction of agricultural subsidies, the reduction and elimination of tariff peaks, and tariff escalation, as well as addressing non-tariff barriers and trade protection measures, constitute part of the continuing post-Doha negotiations and are a key element for increasing African exports;

7. *Welcomed* greater market access provided through initiatives such as Everything But Arms (EBA), the African Growth and Opportunity Act (AGOA) and other preferential market access schemes and *noted* the increase in the exports to those markets. However, the benefits from such schemes could be enhanced through addressing issues such as rules of origin, sanitary and phytosanitary measures, technical barriers to trade and productive capacity;

8. *Agreed* that the ability of African producers to retain and increase market share and move up the value chain should be enhanced through measures such as provision of extension services and farm inputs, transportation, market information, quality control and assistance to farmers. In this regard, the Board *encouraged* the design and delivery of appropriate technical assistance to realize the above objectives;

9. *Recognized* the crucial importance of the commodities trade for Africa's economic development. In this regard, the Board *called for* support of efforts, initiatives and activities aimed at developing and upgrading African countries' productive capacity, increasing their export earnings and adjusting to fluctuating commodity prices;

10. *Recognized* that there is an important potential for innovation and better promotion of commodities of export interest to Africa, including non-traditional exports, and called for support and exchanges of experiences in this area;

11. *Noted* that measures aimed at addressing the challenges posed by fluctuating commodities prices could be considered;

12. *Welcomed* the efforts by African countries in consolidating the regional and subregional initiatives in pursuance of the integration agenda set in the Abuja Treaty establishing the African Economic Community, and *recognized* that there is great benefit to be derived from intraregional trade and creating wider economic spaces. It also *recognized* the greater scope for interregional cooperation. It *requested* UNCTAD, in collaboration with regional economic communities, to undertake further studies on intraregional trade in Africa with a view to identifying the potential for its further expansion;

13. *Considered* that support by the international community is required in order to complement the efforts of African countries in the context of the New Economic Partnership for Africa's Development (NEPAD) to improve the application of the HIPC Initiative and to supply additional public and private resources to bridge the investment gap;

14. *Agreed* that UNCTAD should, within its mandate, continue to support African countries in the endeavour to meet the aims and objectives of NEPAD and to provide analysis and policy advice on African development.

952nd plenary meeting
17 October 2003

C. Technical cooperation activities: Review of technical cooperation activities of UNCTAD

Decision 478 (L)

The Trade and Development Board,

1. *Takes note* of the report on the review of technical cooperation activities of UNCTAD (TD/B/50/2-TD/B/WP/163 and Add. 1 and 2);

2. *Welcomes* the increase in extrabudgetary financial resources while expressing concern over the declining share going to LDCs and Africa;

3. *Recommends* that the secretariat implement the text attached to this decision as the strategy for UNCTAD's technical cooperation activities, taking into account the ideas contained in the note on capacity development (TD/B/50/9-TD/B/WP/168);

4. *Invites* the secretariat to further strengthen the coordination between the different entities of the secretariat with a view to integrated approaches and through dissemination of this strategy among all staff members, particularly project managers;

5. *Invites* the secretariat to make a presentation on this strategy and its implementation on the occasion of UNCTAD XI, and to make sustained efforts to promote it among donors and beneficiary countries;

6. *Requests* the Working Party on the Medium-term Plan and the Programme Budget, at its annual sessions dealing with technical cooperation activities, to review progress in the implementation of this strategy and report the outcome of such reviews to the Trade and Development Board;

7. *Requests* donors and beneficiaries to support the strategy and to ensure the availability of predictable and sustainable resources for its implementation.

Annex

Technical Cooperation Strategy for UNCTAD

1. The strategy for UNCTAD's technical cooperation was prepared in accordance with the agreed conclusions of the second part of the fortieth session of the Working Party, held in May 2003, in which the Working Party took note of the information provided by the secretariat in document TD/B/WP/167, 'Note by the secretariat', and of the indication that a new draft strategy for UNCTAD's technical cooperation would be prepared and presented to the Working Party at its forty-first session for consideration by member States.

Scope, guiding principles and objectives

2. The strategy sets out the operational activities of UNCTAD that address the practical problems of trade and development in an era of globalization and liberalization. It is designed to strengthen the effectiveness and impact of the overall technical cooperation of UNCTAD as an essential complement to the institution's policy analysis and the work of its intergovernmental machinery.

3. The objective of UNCTAD's technical cooperation is to assist developing countries to integrate into the global economy. This strategy aims at enhancing their endogenous capacity to face challenges and reap opportunities to be derived from that integration, and to set and implement their own development strategies. The effectiveness of technical cooperation depends on national inputs, particularly the level of ownership and local capacity developed by each operation, and on the symbiosis between national development strategies and development-friendly global mechanisms.

4. In this regard, UNCTAD's technical cooperation will particularly emphasize the development of human, institutional, productive and export capacities of all beneficiary countries. Activities will be supportive of poverty reduction policies and the implementation of the international development goals, including those contained in the Millennium Declaration, and the relevant recommendations of global conferences.

5. UNCTAD's technical cooperation should be directed towards developing countries with greatest need. Least developed countries will have priority in assistance provided by UNCTAD. Specific

needs of small island developing States, landlocked and transit developing countries and certain developing countries with structurally weak and small, vulnerable economies should be addressed. UNCTAD should continue to provide technical cooperation to economies in transition.

6. In providing its technical cooperation services, UNCTAD will draw on its expertise as the focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development. In doing so, analytical work and operational activities will be further supportive of each other, aiming at ensuring coherence among the thematic areas of UNCTAD's expertise.

7. UNCTAD's technical cooperation will be determined in the light of the outcome of UNCTAD XI, by its work programme priorities set out in the final document of UNCTAD X, and as reflected in the relevant decisions of the Trade and Development Board, as well as relevant outcomes of recent global conferences, such as the International Conference on Financing for Development, the World Summit on Sustainable Development, the Third United Nations Conference on LDCs, the fourth and fifth WTO Ministerial Conferences, and the International Ministerial Conference of Landlocked and Transit Developing Countries.

8. Member States will review and update this strategy as appropriate in the light of evolving development needs and UNCTAD mandates.

9. Different short- and long-term technical cooperation instruments will be used as appropriate, according to the nature and objectives of each operation or programme and in order to respond to the different needs of beneficiaries. UNCTAD's technical cooperation will focus on capacity development, while not losing sight of short-term and targeted interventions. This focus implies enhancing developing countries' endogenous capacity to formulate, implement and evaluate home-grown policies for: (i) the development and diversification of their domestic productive sector, (ii) the design and implementation of trade and investment policies and negotiating strategies, and (iii) the development of trade support services, within the framework of their development goals and taking into account the evolving international environment.

10. Stemming from the focus on capacity development, UNCTAD's technical cooperation will have the following features:

(a) It will be demand-driven, based on beneficiaries' needs;

(b) It will be designed and implemented in such a manner as to ensure the ownership of the beneficiaries and to be supportive of national development efforts;

(c) Programme design, formulation and implementation will be carried out in close consultation with beneficiaries and donors;

(d) The main thrust will be to target long-term development needs such as human and institutional capacity;

(e) Particular attention will be paid to the goal of sustainability of projects and programmes;

(f) With a view to increasing the effectiveness and enhancing the impact of technical cooperation activities, a well sequenced approach will be adopted in the formulation and implementation of programmes and activities; and

(g) The programmes will be designed and implemented in cooperation with international and regional agencies providers of trade- and investment-related technical cooperation, and in partnership with academia, the business community and NGOs.

11. An integrated approach for the delivery of technical cooperation will be pursued at both the UNCTAD and the inter-institutional level.

(a) At the UNCTAD level, through more inter-divisional cooperation, the integrated approach will provide for delivery of holistic and multidisciplinary technical cooperation and capacity development in UNCTAD's areas of expertise. This will provide more coherence in UNCTAD's operation and lessen the incidence of fragmented interventions; and

(b) At the inter-institutional level, UNCTAD will seek to strengthen cooperation and increase joint activities with other agencies providers of trade and investment technical assistance, and in particular with the United Nations regional commissions, UNDP, WTO, ITC, the World Bank and other intergovernmental institutions, including regional and subregional institutions. The main goal of UNCTAD's cooperation with other providers of trade and investment technical cooperation will be to maximize the impact of operations and increase the complementarities between institutions, so as to take advantage of their respective expertise, taking into account their mandates and comparative advantages, increase synergy and avoid duplication. Instruments such as Memoranda of Understanding and inter-agency task forces will be used as appropriate to determine the specific content of inter-institutional cooperation and complementarities.

12. According to the needs identified in each case, as well as to the human and financial resources available, regional and interregional activities benefiting a larger number of beneficiaries will be encouraged.

13. Subject to availability of human and financial resources, country-level activities will be intensified. This in particular applies to topics and modalities of technical cooperation that require customized, long-term and intense national-based operations, according to beneficiary interests and commitment in support of the operation. In this connection, cooperation and joint undertakings with United Nations Resident Coordinators and relevant agencies with field representation will be

increased, particularly in the formulation and implementation of countries' national trade and development strategies. Similarly, UNCTAD will seek increased participation in country-level mechanisms such as the CCA/UNDAF, the World Bank Consultative Groups, and UNDP Round Tables.

Main forms of technical cooperation

14. UNCTAD's technical cooperation will revolve around policy analysis, institutional capacity development, and human capacity development. With regard to forms of technical cooperation, UNCTAD's technical cooperation will include, among others:

(a) Exchanges of development experiences;

(b) South/South cooperation and technical cooperation among developing countries (TCDC);

(c) National case studies and thematic studies on particular development issues as part of the secretariat's work programme and as a contribution to intergovernmental and expert deliberations;

(d) Policy reviews in the areas of development, trade, investment and science, technology and innovation, and assessments of the efficiency of trade supporting services;

(e) Advisory services at the country, subregional and regional level;

(f) UNCTAD-wide integrated country-level activities for selected countries, within the context of country-level coordination, in particular for least developed countries; these should also contribute to policy dialogues at World Bank consultative groups and UNDP round tables;

(g) Support for human resources and institution-building, including the development of tool kits (e.g. software and manuals on best practices) and advice and training on their application and utilization by beneficiary countries;

(h) Training activities encompassing both structured HRD programmes that seek to strengthen local training and research capacities, as well as *ad hoc* training workshops and familiarization seminars; and

(i) Dissemination of information on trade, investment and related matters from UNCTAD databases to developing countries, for use by Governments or civil society.

15. UNCTAD should also further develop guidelines for partnerships with NGOs, especially regarding their involvement in thematic discussions and in delivering technical cooperation services. Several NGOs are nowadays full-fledged partners of some UNCTAD programmes, and this situation should occur more often in the future. Cooperation with the private sector, civil society and the

academic community from all regions of the world will be strengthened: in part as beneficiaries, in accordance with national priorities, of UNCTAD's operational activities, and in part as sources of relevant experience and expertise for such activities. Partnerships with beneficiaries' stakeholders will be given special attention in the design and implementation of operations.

16. In carrying out technical cooperation, and in order to facilitate the exchange of the lessons of development experiences, efforts should focus on institutional capacity building. UNCTAD will:

(a) Enhance and make full use of national expertise and institutions, so as to ensure that national stakeholders are active partners in the design and implementation of activities in the form of priority setting, skills and resources;

(b) Promote networking, including twinning arrangements, among institutions working in similar or related fields, including institutions in developed countries; and

(c) Draw upon institutions and expertise in other developing countries by using TCDC modalities.

Monitoring and evaluation

17. Projects and programmes will be monitored on a continuous basis for their development impact – particularly from the point of view of the development of national capacities – and for their cost-effectiveness. To facilitate this, measurable targets will be set up when projects begin. This includes benchmarks and indicators of achievement at the stage of project formulation that will also set the ground for project evaluation.

18. Selected projects and programmes will be subject to independent evaluation in agreement with both the beneficiary country(ies) and the donor(s). Evaluations will examine the impact of activities against their objectives and will propose practical recommendations to deal with deficiencies. The Working Party on the Medium-term Plan and the Programme Budget will consider each year an in-depth study on a technical cooperation programme.

19. The Board will review the technical cooperation activities of UNCTAD, including their cost-effectiveness. It will be assisted in this task by the Working Party, which will meet for this purpose immediately prior to the Board.

20. In order to ensure the effective integration of analytical work with technical cooperation, responsibility for project preparation and implementation is entrusted to the corresponding secretariat entity responsible for the work programme. UNCTAD's Technical Cooperation Service will have responsibility for ensuring the overall coherence of the secretariat's technical cooperation activities and the implementation of the strategy.

21. Strict quality control will be exercised by the secretariat through adherence to commonly established quality standards at the project design, implementation, monitoring and evaluation stages.

22. The management of technical cooperation will be improved by streamlining administrative procedures. An appropriate share of the support costs received by UNCTAD for project execution will be allocated to the responsible substantive programme in a transparent and equitable manner.

Support by member States

23. In order to support the long-term goals entailed by the focus on capacity development, donor and beneficiary countries as well the secretariat will cooperate in ensuring that the human and financial resources allocated to the implementation of this strategy achieve the required predictability and sustainability. For this purpose, priority will be given to longer-term sustainable activities, particularly through multi-year funding mechanisms and inter-divisional operations based on the thematic priorities set by the UNCTAD work programme.

949th plenary meeting
10 October 2003

D. Other action taken by the Board

Review of technical cooperation activities of UNCTAD

1. At its 949th plenary meeting, on 10 October 2003, The Board adopted the draft decision contained in document TD/B/50/L.4 and Add.1, containing the Technical Cooperation Strategy of UNCTAD. The Board also took note of the report of the Working Party on its forty-first session, as contained in document TD/B/50/12, and endorsed the agreed conclusions of the Working Party on "In-depth evaluation of the technical assistance programme on trade, environment and development" and the "Progress report on the implementation of the second phase of UNCTAD's website".

Report on UNCTAD's assistance to the Palestinian people

2. At its 950th plenary meeting, on October 2003, the Board took note of the report on UNCTAD's assistance to the Palestinian people (TD/B/50/4) and of the statements made by delegations. In accordance with General Assembly decision 47/445, it was decided that the report of the Board on its fiftieth session to the General Assembly would include an account of the deliberations under this item.

Preparatory process for the eleventh session of the Conference

3. At its 949th plenary session, on 10 October 2003, the Board established an open-ended Preparatory Committee for UNCTAD XI under the chairmanship of the President of the Board. It also approved the draft provisional agenda for UNCTAD XI (see annex II).

Progressive development of the law of international trade: thirty-sixth annual report of the United Nations Commission on International Trade Law

4. At its 950th plenary meeting, on Tuesday, 14 October 2003, the Board took note of the report of UNCITRAL on its thirty-sixth session, held in Vienna from 30 June to 11 July 2003 (A/58/17).

Report of the Meeting of Eminent Persons on Commodity Issues

5. At its 951st plenary meeting, on 17 October 2003, the Board took note of the Report of the Meeting of Eminent Persons on Commodities Issues (TD/B/50/11) and transmitted it to the General Assembly for its consideration. It further decided to include a summary of the statements made on the item in its report.

II. SUMMARIES OF THE BOARD'S DISCUSSION ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Interdependence and global economic issues from a trade and development perspective: Capital accumulation, economic growth and structural change

President's summary[1]

1. The debate addressed the implications of the current situation in the world economy and the short-term outlook. There was agreement that, although weakening export demand and falling commodity prices have affected income growth in a large number of developing countries, the current situation shows that there are considerable variations among developing countries with regard to their vulnerability to different types of shocks and in their capability to respond to such shocks.

2. While the developing countries in Asia and countries with economies in transition have been able to maintain relatively high growth rates thanks to an expansion of domestic demand and other successful policy measures, the Latin America and Caribbean region has been most affected by the recent global economic slowdown, which has led to a deteriorating social and political climate in several countries of the region. It is now necessary to find a durable solution to the balance-of-payments and external debt problems of a number of countries in the region.

3. Although Africa has been somewhat less affected by the global slowdown since 2001, the HIV/AIDS pandemic, political instability and armed conflict, in addition to weak commodity prices and insufficient inflows of official and private capital, have contributed to a real development crisis. It was suggested that improving growth prospects for Africa require more growth-oriented policies and a solid recovery in the world economy. Strengthened international financial cooperation, as agreed in the Monterrey Consensus, and a world trading and financial system that is more supportive of development, were also considered essential. The New Partnership for Africa's Development (NEPAD) was seen as a reason for optimism.

4. The SARS pandemic, although rapidly contained, has slowed down growth in several economies in Asia. Nevertheless, Asia has been the fastest-growing region and is gaining increasing importance for global growth dynamics. Several delegations noted that in East Asia the strength of macroeconomic fundamentals and balance-of-payments positions have allowed considerable room for domestic demand expansion to support growth, which has been reinforced by strong intraregional trade linkages, with China as the most rapidly growing export market for the region. The resilience of the Asian economies and their fast growth were considered to be the result of successful policies over many years, which have fostered capital accumulation, growth and structural change.

[1] Included in the Board's report to the General Assembly by decision of the Board at its closing (952nd) plenary.

5. There was agreement that short-term prospects for global growth, although they might be more positive than suggested in the *Trade and Development Report 2003 (TDR)*, continued to be troubled by a number of uncertainties and imbalances, with negative consequences for the developing countries. Quite a number of delegations underlined the need for firm action on the part of the developed countries to stimulate growth and to ensure a smooth and orderly rebalancing of the world economy in order to avoid any further disruption of the recovery.

6. Very serious concerns were expressed regarding the uncertainties about whether the Millennium Development Goals, especially the goal of halving poverty by the year 2015, will be met. Some delegations believed that, even under the most optimistic scenario, it will be impossible to meet these Goals, especially in Africa.

7. Another major theme of the discussion under item 2 was capital accumulation, economic growth and structural change. Here, the debate was enriched by the analytical work contained in the *TDR* and a panel discussion with experts. Although some doubts were raised on parts of the analysis contained in the *TDR*, the *Report* was seen as a great contribution to the international development policy debate.

8. Delegations agreed that the economic and policy reforms undertaken in many countries of Latin America and Africa during the 1990s, with their emphasis on trade and financial liberalization, deregulation, privatization, foreign direct investment (FDI) and reducing State intervention, have not delivered the desired results in terms of growth and creating an appropriate macroeconomic setting for the creation and expansion of productive capacity and the improvement of productivity. There was also agreement that growth and poverty reduction cannot be sustained without an adequate level of capital accumulation, and the East Asian experience shows that the structure and quality of private and public investment matter for successful industrialization, productivity growth and structural change.

9. In the light of these experiences, a majority of delegations agreed on the need to rethink the design of reform programmes and development strategies. One delegation suggested that, while the Washington Consensus continues to be valid and countries attempting to achieve stable growth in the current world economy still need to pay attention to its precepts, it has become clearer over time that, in order to establish strong, equitable and sustained growth, it is also essential to ensure good governance, transparency and broad-based institutional development. Some delegations believed that some policy latitude for developing countries is necessary to enable Governments to react when the international economic environment turns unfavourable.

10. Many other delegations believed that a more profound revision of development strategies is required, with an important role not only for market forces but also for the state. Such a strategy should rely on both exports and domestic markets, and take into account each country's specific structures and capacity for social and economic change. There was a lively debate on the extent to

which the East Asian experience over the past two decades might be successfully replicated by other developing regions. It was argued that, while a high investment ratio has been the engine of growth in many of the most successful economies, other elements are also relevant for a viable development strategy, including regional integration and improved technology inflows, which may or may not be linked to FDI.

11. The issue of policy space was addressed by many delegations, arguing that trade liberalization alone is not sufficient to boost development and prosperity and to accelerate income convergence. For quite a number of delegations, an important lesson from recent experience is that developing countries require sufficient policy space to develop local industries and to manage their integration into the world economy in a more balanced manner. There was agreement that such policies need to be linked to an outward-oriented development strategy, albeit with recognition of the constraints imposed by international arrangements. As the consequences of liberalization have to be socially acceptable, more attention has to be paid to income distribution, social programmes, land reform, and education. The negative consequences on macroeconomic stability in most developing countries resulting from premature financial and capital account liberalization without an effective regulatory framework were also emphasized. In the absence of international arrangements to attain greater financial stability, it is important for developing countries to retain policy autonomy to limit their exposure to volatile international capital markets. Some delegations also drew attention to the importance of enhancing capacity building in developing countries and creating mechanisms to protect them against the impact of volatile international markets.

12. It was also stated that, while a more favourable global environment is required to accelerate development, developing countries themselves should engage actively in market-oriented reforms and the formulation of proactive monetary, financial and industrial policies. They should open to the world economy gradually and reduce their dependence on primary commodities.

13. The debate on interdependence frequently referred to the negative outcome of the Cancún Ministerial Meeting, which is of great concern to all member countries. Renewed protectionism and unilateral action are not the way forward, not least because these would damage the developing countries the most. Representatives from developing countries deplored in particular the lack of progress in the areas of agriculture and improved market access, which is considered to be crucial for the viability of their emerging industrial sectors. Many delegations believed that the failure of Cancún was due to the existing imbalances in the multilateral trading system, which, in their view, have contributed to the widening gap between the rich and the poor.

14. There was agreement about the need to resume the multilateral trade negotiations as soon as possible. Further progress in reforming the international trading system is clearly desirable for the entire international community. A majority of delegations, in particular from developing countries, stressed the urgency of strengthening the development dimension in the multilateral trading system, if globalization is to generate benefits for all countries. Several delegations expressed the view that, so

far, the benefits of globalization have been concentrated in a small number of countries, while it has contributed to increased poverty and continued underdevelopment in many others, thereby accentuating global disparities and jeopardizing peace and stability in the world.

15. In order to put the Doha round back on track, it is now necessary that the negotiations take fully into account the particular needs and interests of the developing countries, in particular in the area of agriculture. Developed countries were called upon to do more to liberalize their trade regimes, while the developing countries were encouraged to increasingly open their markets for each other's exports. In addition, systematic efforts were considered to be necessary to achieve greater coherence between the international trading and financial systems. There is a need for an integrated approach to global economic governance and for concrete and sufficiently funded programmes to protect developing countries, in particular the least developed, landlocked and island economies, and economies and transition against the impact of external shocks and to bridge the widening gap that separates them from those who are better off.

16. Many delegations also reiterated their support for the Monterrey Consensus. All developing countries and some developed countries felt that more effort was needed from developed countries to provide technical and financial assistance, and especially to live up to the internationally agreed targets for official development assistance.

17. A large number of delegations stated that UNCTAD remains the best forum to discuss the challenges of global economic interdependence from a development perspective, to explore better ways of enhancing the economic development of developing countries, and to forge consensus on all issues related to trade and development. These challenges were considered more complex and interrelated today than at any time in UNCTAD's history. Several delegations suggested that UNCTAD is more relevant today than ever before as a think tank of developing countries, and its role should be strengthened in the future. The institution can make an important contribution in the process towards an impartial and more predictable trading system, and to overcoming the crisis in the multilateral negotiations after Cancún. It should continue to remind the international community that the global economic system must ensure the delivery of welfare gains to all. UNCTAD XI was considered as an important opportunity to strengthen the role of the institution.

B. Review of developments and issues in the post-Doha work programme of particular concern to developing countries: The outcome of the fifth WTO ministerial conference

President's summary[2]

Role and significance of the multilateral trading system and the Doha Work Programme

1. The Board considered agenda item 5 in plenary sessions on 8 and 14 October 2003. The keynote address was given by the Secretary-General of UNCTAD. The secretariat's background note (TD/B/50/8) was introduced by the Director of the Division on International Trade in Goods and Services, and Commodities. Forty-six statements were delivered on the agenda item. The debate is summarized below.

2. It was generally agreed that there is no better alternative than the multilateral trading system (MTS) in promoting the objective set out in the Millennium Declaration of an "open, equitable, rule-based, predictable and non-discriminatory multilateral trading system" in pursuit of development and poverty eradication. All countries are committed to achieving this goal. At the same time, trade and trade negotiations must not be treated as a panacea for the global economy and thereby shift attention from key problems outside the trade field that must be addressed urgently. Trade is not an end in itself but a means to balanced, equitable and sustained development. Development, ultimately, is the best contribution to peace, equity and stability.

3. Emphasis was placed on concerted international political will and effort to address the inherent limitations that developing countries face in the MTS. Indeed, all the major international conferences since the Millennium Summit and G8 meetings have promised to address the imbalances and inequities in globalization, of which trade is the most visible manifestation. Coherence in policy formulation and coordination between the UN system, including UNCTAD, the Bretton Woods system and the WTO are important for promoting economic growth and development in all nations, given their interdependence.

4. A fair and substantial share of the benefits from global economic prosperity and the MTS has so far failed to accrue to developing countries, notwithstanding that they have undertaken significant liberalization unilaterally, regionally, multilaterally and through structural adjustment programmes. Over the last several years, particularly since the Uruguay Round, developing countries have made a significant contribution to multilateral trade liberalization and rule-making at considerable cost to themselves and are not, therefore, free-riders in any sense of the term.

5. The Doha Ministerial Conference was a milestone in the evolution of the MTS, incorporating an explicit pledge to place development at the heart of the Doha Work Programme (DWP), better serve the needs and interests of developing countries, and provide fairness and a level playing field for them

[2] Included in the Board's report to the General Assembly by decision of the Board at its closing (952nd) plenary.

as weaker partners. The opportunity to evolve a development-oriented MTS must not be missed. All countries are stakeholders in the MTS. The developed countries need the MTS as much as the developing countries do. Similarly, the realization of the core agenda of the DWP with development-friendly results is in the shared interest of all countries, developing and developed, and of the MTS and the world economy. Development-friendly arrangements and policies can no longer be defined in abstraction, but need to be addressed through practical, operational and mandatory measures. The development agenda needs to be made a reality, as the issues at stake are vital to developing countries to ensure that the MTS contributes to an inclusive global economic system. Developing countries hold high expectations regarding the development promise of the DWP and have actively participated in negotiations, including by tabling numerous proposals on various issues. They have had not only a defensive agenda but also a positive agenda on trade reform and liberalization, particularly in areas such as agriculture, textiles and Mode 4 of GATS.

6. Multilateral trade norms and disciplines need to support and actively promote development, including by facilitating the implementation by developing countries of national policies that respond to their trade, developmental and financial needs. In this context, some countries stated that 'beyond the border issues' which were integrated into the MTS at the conclusion of the Uruguay Round have eroded policy space for economic decision-making and overloaded the MTS. Some countries noted that, with very few exceptions, today's developed countries practiced and benefited from policies that are now being curtailed for developing countries through the MTS. It was stated that there has to be an acknowledgement that developing countries cannot liberalize at the same speed as developed countries if they are to achieve the potential gains.

Fifth Ministerial Conference: An assessment

7. The Fifth WTO Ministerial Conference in Cancún, Mexico, in September 2003, was not able to reach a successful outcome. However, many emphasized that Cancun must be seen in perspective. It was meant to be a mid-term review of the DWP, a stocktaking with the possibility of providing political direction on key issues of the Doha agenda. Since the necessary political compromises were not forthcoming, when specific, time-bound and detailed commitments were called for, there was an impasse. Disappointment was generally expressed with the impasse at Cancún and concerns expressed that the Ministerial Conferences are becoming prone to such setbacks. On the other hand, it was also pointed out that such impasse scenarios have been played out before in the history of the MTS, where failure to reach consensus did not preclude subsequent revival of the negotiations. Trying to apportion blame between developed and developing countries serves little purpose and is misleading, since the priority of the hour is to listen and appreciate the concerns of all and to find multilaterally acceptable solutions.

8. Concern was expressed that the Cancún setback could undermine commitment to multilateralism and play into the hands of protectionist and partisan interests. It could also speed up the vigorous pursuit of unilateralism, bilateralism and regionalism. Other views expressed doubt that

multilateralism will be undermined and that regionalism will relegate or replace the primacy of the WTO, since all countries understand its value and utility and need it to serve their own interests. It was also avowed that the choice between multilateralism and regionalism is a false one because the two processes have already been ongoing for some time and are complementary since they mutually reinforce the goal of bringing about liberalization in international trade.

9. With regard to assessing the consequences of Cancún and learning lessons, emphasis was place on both the process and substance of WTO negotiations.

Process-related issues

10. Many countries stated that, leading up to and at Cancún, process-related infirmities became rather pronounced. Process-related difficulties included assessments about the timing of issues and their maturity for resolution, procedures relating to keeping and dissemination of records and the preparation and transmission of texts, when and how to reflect alternative views of members, how to select officers, and how to ensure the inclusiveness of the process at all times. Cumulatively, these issues, if not addressed, could affect the long-term effectiveness and vitality of the WTO. There was also a view that it would be better to resolve most matters at the technical level in Geneva instead of relying on last minute compromises and decision-making at the political level in Ministerial meetings, which, with the best of intentions, may not be able to deliver given the short time available and the unwieldiness of the exercise. The Cancún agenda also appeared to have been overloaded with expectations of a result involving a positive sum agreement on all accounts. The linkages, balances, sequencing and perceived costs and benefits were rather too complex to handle. A manageable agenda based on what could be realistically achieved and what the WTO membership felt comfortable with would have been more appropriate. In this light, the time had come to prioritize the negotiating process and separate the issues that make for genuine trade liberalization and deliver development from the rest.

11. It was stated that the WTO negotiating paradigm has changed, with developing countries demanding to be heard and to be taken into confidence before decisions that could have a far-reaching impact on them are taken. In addition, there is a recognition that the MTS is increasingly being perceived as an international public good. Consequently, it has to take into account the interests and concerns of all participants, regardless of their level of development, size or share of world trade.

12. The formation and dynamics of the issue-based alliances, for example the Group of twenty-plus and ACP/AU/LDCs, was a matter of significance, redressing the imbalances in the negotiating leverage of developing countries. They point to a greater assertiveness of developing countries and their groupings within the WTO, which have made their voices heard. Caution was, however, expressed about avoidance of a relapse into North-South rhetoric or confrontation, since North-South relations have become more complex and diverse.

13. Decision-making processes in WTO have become more complex and difficult, not only because of the enlargement of the membership and the scope of the agenda, but also because a large number of democracies participate. Like their developed country counterparts, developing country Governments have to factor in political, social and economic interests and considerations involving their people and constituencies, as well as critical development and survival issues. The more prominent role and interest of both Northern and Southern civil society and private sector organizations, as well as Parliamentarians, have to be seen in this context.

14. A view was expressed that there is need for reform of the decision-making process of the WTO to make it more efficient. It was stated that the WTO follows a rudimentary decision-making process, while it has a very effective enforcement system. This is a possible source of imbalance in the MTS when it relies more on the modern dispute settlement mechanism than on rules to address trade issues. Other views cautioned that an examination of reforms in the WTO would divert attention from real issues facing the MTS, particularly market access and development issues. Yet others encouraged further democratization of the decision-making process of the WTO.

Substantive issues

15. The seeds of the Cancún setback were sown through missed deadlines, lack of treatment of development issues, unfinished business and imbalances from the Uruguay Round, as well as the slow pace of agricultural reform in developed countries. The lack of a substantive outcome highlighted a lack of consensus on key areas of negotiations, in particular special and differential treatment, implementation issues, agriculture, and non-agriculture market access negotiations. Many expressed the view that the proposed package at Cancún was disappointing in terms of its development content, leaving many to believe that Doha may have been only a rhetorical rather than a substantive promise.

16. Note was taken of some positive developments, including the adoption of the Decision on paragraph 6 of the Doha Declaration on TRIPS and Public Health, the modalities on special treatment for LDCs in services negotiations, the adoption of guidelines on accession of LDCs, and the acceptance of the accession of the first LDCs to join the WTO since its creation – Cambodia and Nepal.

17. Concerning the post-Cancún phase, it was generally stated that there is need for more work on the key and outstanding issues with a sense of urgency and purpose. Movement towards convergence will require exertion of political will from all parties, renewed cooperation and consensus, constructive engagement and compromise, particularly on those issues where there are divergent views. Cancún should serve as a wake-up call for the international community to build mutual trust and bridge differences to restart negotiations in good faith and in a forward-looking manner. All countries agreed that efforts must be made to put the DWP back on track.

18. In this respect, it is important to concentrate on the Doha mandate and on core issues: a balanced outcome both within and across the spectrum of negotiating areas; the development agenda; inclusiveness, transparency and democracy of negotiating processes, procedures and decision-making so that the views and interest of all are captured in negotiated outcomes; the basics of trade liberalization and the border measures agenda and completion of the unfinished business of the previous rounds, especially in agriculture, textiles and Mode 4 in services; implementation issues; and special and differential treatment. There is need to address the legitimate concerns of developing countries on new and complicated issues on which no consensus exists for new WTO disciplines. There is also need to address coherence and consistency between trade, financial, monetary and technological policies in support of development; taking into account the implications for the multiple issues that operate in the interface of trade, development and globalization such as TRIPS and public health (through an amendment of the TRIPS Agreement to provide a more secure solution), poverty, environment, health, culture, gender, migration, food security and rural development, competition, technology, enterprise, employment and public interest. Several countries emphasized the need for further and more in-depth work on small economies; trade, debt and finance; and trade and transfer of technology.

19. It was stressed that implementation issues and special and differential treatment are particularly significant in enhancing the confidence of developing countries in actively participating in the MTS. These issues should be tackled seriously with priority, greater political will and flexibility.

20. Trade negotiations and the implementation of the results will involve considerable adjustment and social costs for developing countries. There is therefore a need for future negotiations to take this into account and to provide for it in a systematic manner. Synergy and proper sequencing – in the light of the capacities of developing countries, the level of obligations they are to take on, and the costs of implementation – and the adequacy of financial and technical resources available to them have to be ensured. Developing countries should be provided with concrete assistance to build supply capacity and safety nets, help cushion possible erosion of trade preferences and meet adjustment costs. Targeted and comprehensive technical assistance and capacity building are important components of the DWP and the MTS. They need to be stepped up and go beyond traditional technical cooperation directed at implementing WTO Agreements by providing for, *inter alia*, institution building. UNCTAD is already working actively in this area. An initiative has been launched by the IMF and World Bank to support adjustment by developing countries to address the impact of multilateral trade liberalization, in particular the temporary balance-of-payment needs caused by erosion of preferences and loss of tariff revenue.

21. The special needs of LDCs should be adequately addressed, particularly given their marginalization in world trade, with a reduction in their share of world trade from 3 per cent in the 1960s to 0.4 percent at present. Stress was placed on binding duty-free and quota-free access for products of LDCs, along with improvements in preferential schemes and rules, which should match

LDCs' industrial capacity, and the removal of non-tariff barriers and avoidance of safeguard and contingency measures on their products. The need for meaningful supply-side initiatives, including improvements in the quality of infrastructure, was highlighted. It was pointed out that the guidelines for accession of LDCs could be improved further, for example by devising a time-bound accession process (such as a three-year period or three working party meetings), a realistic and sufficient adjustment period based on objective criteria consistent with their capacities, and the provision of predictable technical assistance.

22. Several countries stressed that fundamental reform of agricultural trade could bring important gains for developing countries and developed countries. The elimination of all forms of export subsidies and a substantial reduction in trade-distorting domestic support for agricultural trade would promote development in developing countries and significantly contribute to poverty alleviation. The convergence of positions on the reform of agricultural trade is possible through renewed cooperation and constructive engagement by all parties,. In addition, market access must be coupled with effective special and differential treatment, special products, special safeguard mechanisms, specific measures for small economies, food security, rural development and adequate measures for net food-importing developing countries and LDCs.

23. Some stated that the issue of commodities needs to be addressed in the MTS, given that the concrete interests of a large number of poor and small countries are linked to commodities. Many countries attached importance to addressing the Cotton Initiative proposed by some African countries.

24. Services were identified as a growth area for developing countries. Increasing participation of developing countries in trade in services would require implementation of GATS Articles IV and XIX.2, particularly in terms of effective market access in sectors and modes of interest to developing countries. It was pointed out that liberalization of services should be at the time and pace convenient to the country concerned. Concern was expressed about the quality of offers on Mode 4, and the need for commercially meaningful offers was stressed, given the potential gains for all countries.

25. Developing countries expressed support for reduction commitments in non-agricultural market access (NAMA) consistent with their capacities and development objectives, and considered that they should be accorded less than full reciprocity, as provided in the Doha Ministerial Declaration. They found that the level of ambition on NAMA was too high compared to agriculture. They stressed that sectoral proposals should be on a voluntary basis and that tariff peaks and escalation need to be addressed. It was pointed out that the framework for NAMA should allow a balanced outcome in terms of the reduction or elimination of tariffs and non-tariff barriers.

26. With respect to the Singapore issues, most developing countries indicated that they are not yet convinced of the potential gains to them from WTO disciplines on these issues. In the interest of manageability and prioritization in the DWP, it might be better to concentrate on substantive and core trade issues for the present, and some suggested that it would be timely to drop these issues from the

WTO work programme. It was pointed out that some proponents have shown flexibility in terms of removing most of these issues from the WTO agenda and therefore any future consideration of this matter should take this into account. Meanwhile, other organizations, like UNCTAD, could be asked to continue work to build confidence, clarify their development implications and provide for substantive treatment of these issues.

27. It was stated that it is imperative to acknowledge the important contributions and concessions that the newly acceded Members to the WTO have made. The special concerns of these Members need to be addressed effectively in the DWP.

UNCTAD's role

28. It was generally considered that UNCTAD makes an important contribution to developing countries in terms of their effective participation in the DWP. As the focal point within the United Nations for the integrated treatment of trade and development, UNCTAD can act as a facilitator for the fuller and beneficial integration of developing countries in the MTS and the wider international trading system. It should continue to play such a supportive role through research and policy analysis, intergovernmental consensus building, and technical assistance and capacity generation activities targeted at developing countries. UNCTAD can also provide a forum for consensus building and maturing and ripening of negotiating areas for further treatment in WTO, and in this way contribute to putting the DWP back on track. Equally important is the support provided by UNCTAD to countries in the accession process.

29. The secretariat's background note (TD/B/50/8) was highly commended as providing a concise, insightful, balanced and forward-looking assessment of the state of play relating to the review of the DWP and concerns of developing countries, and it was found to be useful in facilitating the Board's deliberations on this and the outcome of Cancún. Appreciation was expressed by developing countries about the development benchmarks – openness and liberalization, harvesting gains, equal opportunity for unequal partners, striving for a better balance, the public interest, the importance of commodities, coherence, and technical assistance and capacity building. It was stated that the development benchmarks are a useful way to systematically assess progress in assuring development gains from the international trading system in general and from trade negotiations in particular. They can also be important tools and useful themes to raise public awareness on MTS issues from a development standpoint in a positive and constructive manner and to help build durable consensus thereon. This could be complemented with trackable base-line information on individual country situations, location, size, population, per capita GDP, education, health and other factors. It was suggested that, at its next session, the Board, under this item, could consider the development benchmarks while assessing progress towards the realization of the development agenda in the DWP. Other views expressed cautioned that such benchmarks may not be amenable to being achieved purely in the context of WTO, and that they therefore need to be carefully elaborated with other relevant

international organizations, such as IMF and World Bank, and in a way that does not prejudge the outcome of WTO negotiations.

30. It was also stated that UNCTAD should continue to monitor developments in the MTS, work on the development dimension, and assist countries in trade negotiations and in developing their human, institutional and regulatory capacity for mainstreaming development into trade policies. Important work is also carried out by UNCTAD on market access, services, commodities, trade and environment, trade and competition, trade preferences, subregional and regional trade negotiations, and wider South-South trade cooperation, including through the GSTP.

31. Developing countries expressed appreciation to the international community, particularly donor countries and UNDP, for the financial support they have provided to UNCTAD for its trade-related technical assistance activities. UNCTAD's assistance on multilateral trade negotiations and specifically in supporting preparations for Cancún by developing countries, as well as on regional integration, was highly appreciated. Furthermore, given the burgeoning needs for technical assistance and capacity building assistance in developing countries, and in view of UNCTAD's invaluable work and competence in trade and trade negotiations, the international community was called upon to provide greater resources to UNCTAD to enable it to play its trade and development role fully. It was stated that UNCTAD has an important role complementary to that of the WTO in providing technical assistance. UNCTAD has a particular responsibility in the implementation of the Integrated Framework and JITAP.

32. Reference was made by several countries to General Assembly resolutions 57/270 B and 57/250 inviting UNCTAD and the Trade and Development Board to contribute to the implementation and review of progress made in the implementation of the outcomes of major UN Conferences and summits and the High-level Policy Dialogue on the Implementation of the Monterrey Consensus on 30 October 2003. The resolutions have designated UNCTAD and the Board as important institutional stakeholders in UN-wide work on the implementation of the outcomes of Monterrey, Johannesburg and Doha. This mandate increases the direct relationship between the Board and the General Assembly and provides an important opportunity to raise the profile of international trade and trade negotiations in relation to development.

33. It was stated that UNCTAD has a comprehensive development vision. UNCTAD XI should provide the right impetus to enhance this vision and the work of UNCTAD, and contribute positively to reinvigorating the multilateral trading system and providing the right impetus for the beneficial integration of developing countries into the trading system. For example, it could assist in strengthening the linkages between trade negotiations and supply-side capacity and competitiveness of developing countries, which continue to constitute important bottlenecks for the majority of developing countries.

C. Report on UNCTAD's assistance to the Palestinian people[3]

1. For its consideration of this item, the Board had before it the following documentation:

"Report on UNCTAD's assistance to the Palestinian people" (TD/B/50/4).

2. The **Coordinator of Assistance to the Palestinian people** said that prolonged occupation and the past three years of conflict had produced a shattered society and a devastated population, with relief needs overwhelming the development agenda. The occupied Palestinian territory had been transformed into a "war-torn economy", and the next "post-conflict" policy/aid package would have to be qualitatively different from those that had accompanied previous recoveries from shocks and upheaval.

3. The asymmetric Israeli-Palestinian economic relationship, both under occupation and as enshrined in the Paris Protocol, had stunted the prospects for sustained development of the Palestinian economy. In the transition from a war-torn economy, the development and trade policy of the future state of Palestine would need to take structural factors into account. The private sector would have to be rebuilt and its supply capacity strengthened, otherwise neither reconstruction nor subsequent growth would be broad-based and poverty would remain widespread and intense.

4. The secretariat's achievements in 2003 included action-oriented research and analysis, 'quick-response' advisory services in several areas, implementation of the first phase of the ASYCUDA programme, and progress in the DMFAS project. In the design and implementation of its work programme, the secretariat had maintained close contacts with all relevant international organizations, as well as with research centres and civil society institutions. However, in several areas, UNCTAD did not have enough extrabudgetary resources to meet all its commitments and current technical cooperation needs. Commencement of the ASYCUDA Phase II project would require that Palestinian Authority Customs staff have access to their offices at the Palestinian border crossings with Egypt and Jordan. UNCTAD looked forward to the cooperation of Israeli authorities in giving UNCTAD project staff and experts access to project sites. In conclusion, he expressed gratitude for the extrabudgetary funding the secretariat has received.

5. The representative of **Palestine** said that a comparison between this year's report and last year's indicated further deterioration in the Palestinian economy, contrary to the aspirations of the Palestinian people and the wishes of the secretariat and donor countries. The report clearly and objectively showed the economic and social tragedy that the Palestinian people were undergoing. The occupation and the accompanying measures constituted economic war against Palestinian society, and this war not only imposed dependency on the Israeli economy, controlled the movement of goods and

[3] Included in the Board's report to the General Assembly in accordance with General Assembly decision 47/445.

imposed a suffocating siege on the Palestinian territories, but also deprived the Palestinian people of its sources of daily income.

6. He thanked the UNCTAD secretariat for its continuous efforts and the donor countries for their support. After decades of suffering from occupation and years of resistance against economic and all other types of war waged by Israel, the Palestinian people had realized the need to confront the war with the modest means it had at its disposal. It had become apparent that solidarity among the different groups in society represented an effective survival mechanism in the face of the present brutal conditions. The present situation was a long way from the minimum level required for the survival of the Palestinian people in the long run. He stressed the need for UNCTAD to continue its assistance to the Palestinian people, for donor countries to continue their support, and for Arab and friendly countries and multilateral funding institutions to support the Palestinian people financially through UNCTAD activities.

7. The hope for a political solution was dimming because of the current Israeli Government, which could only offer military solutions, including oppression and killing of anything Palestinian, to achieve its expansionary objectives, regardless of the victims and the violation of international law.

8. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, expressed deep concern with regard to the impact of the protracted conflict on the Palestinian economy. Palestinian gross domestic product (GDP) had declined by more than 22 per cent in 2002, and unemployment had soared to unprecedented levels, putting almost two thirds of the population below the $2-a-day poverty line. The ability of the economy to cope with viable development strategies had been exhausted, as investment levels had plummeted and the average size of Palestinian firms had contracted. The Palestinian Authority's budget had become heavily dependent on donor aid, and profound changes had taken place in the structure of the economy; the manufacturing and construction sectors' contribution to GDP had declined, and agriculture had assumed increased importance as a sector of last resort for the jobless.

9. He endorsed the secretariat's view that development efforts and donor-funded programmes need to be qualitatively different from the past. They needed to be put in the context of the special problems of a war-torn economy, and should also address the distorting trade regime. Donor assistance had been mainly focused on addressing the economy's emergency needs and on budgetary support, but to avoid the risk of breeding increased dependence on foreign aid, there was a need for a cohesive policy framework that linked relief efforts to long-term development objectives.

10. UNCTAD's technical assistance to the Palestinian people continued to produce impressive results, despite an uncertain environment. He thanked donors for their generosity, called upon traditional donors to intensify their support, and endorsed the efforts of the secretariat to identify new funding sources, in particular regional multilateral institutions.

11. The representative of **Oman**, speaking on behalf of the **Asian Group and China**, expressed appreciation for UNCTAD's continuous support to the Palestinian people. She emphasized that the tragedy of the Palestinian people had intensified with the continuation of the occupation and the escalation of the closure and siege policies of the Israeli occupying forces. The economic objective of the occupation was on the one hand to constrain the Palestinian people's capacity to produce and feed themselves, to deplete the economy and to deprive the people of their sources of income, and on the other to permit the Palestinian people to consume only Israeli products. This had de-formalized the Palestinian economy and created an unprecedented situation of forced economic dependency.

12. She lauded the Palestinian economy for its persistence against all odds. This spirit of survival was due to the innovative social safety nets that the people had created, the ability of the Palestinian Authority to survive and continue to employ one third of the employed labour force, and the uninterrupted support of the donor community. For this, she thanked the donor countries and urged them to continue to increase their support for the Palestinian people. She also asked the international community to take a strong stand against the siege and closure policies of the Israeli occupying forces.

13. She urged the implementation of the secretariat report's recommendations, which called for a framework to link relief efforts to long-term developmental objectives, while reducing the leakage of Palestinian resources to the Israeli economy. She also pointed out the necessity of reconsidering existing Israeli-Palestinian economic relations, which had led to the present inequitable balance. She invited members of the Board to continue their support to the Assistance to the Palestinian People Unit in UNCTAD and saluted the Palestinian people for their perseverance, which would ultimately lead to an independent state of Palestine enjoying international legitimacy.

14. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said the secretariat's report showed that protracted occupation and conflict had effectively transformed the occupied Palestinian territories into a "war-torn economy", with adverse effects on economic growth, employment, poverty, trade and finance. This necessitated action by the international community to assume its responsibility in respect of the alleviation of these severe conditions facing the occupied Palestinian people and to use all means to that end, including the provision of adequate financial assistance. UNCTAD's call for a new policy framework to bridge relief and development efforts was a challenge to think outside the box in order to respond to the urgent needs of the Palestinian people.

15. The most immediate task was the reinforcement of the Palestinian economy to relieve it from its prolonged dependence on, and skewed integration with, the Israeli economy. The secretariat's report clearly showed the implications of the imposed leakage of economic resources to Israel. At a time of scarce resources and declining capital flows, there was an urgent need to ensure that all funding was directed to its legitimate recipients, namely Palestinians suffering from daily occupation and deprived of an equal opportunity to realize their inalienable developmental rights.

16. The representative of **Italy**, speaking on behalf of the **European Union and the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia), as well as the associated countries (Bulgaria, Romania and Turkey)**, said that the secretariat's report showed very clearly that years of widespread devastation and continuous economic decline had transformed the Palestinian territory into a war-torn economy. The increase in donor support for relief, development efforts and budgetary solvency was one of the main factors that allowed the Palestinian economy to function.

17. He commended UNCTAD for its efforts to contribute to Palestinian economic development. Despite the intensification of the conflict, UNCTAD had made progress in order to advance or complete projects with a view to building effective economic policy-making and management capacities and supporting the private sector. The close relationship that the secretariat maintained with all relevant international organizations and donor countries, in both the design and implementation of its work programme, was especially crucial.

18. However, without peace and stability in the Middle East, such assistance could only help minimally. The parties must engage in negotiations towards a durable peace allowing two States, Israel and an independent, viable and democratic Palestine, to live side by side within secure and recognized borders, on the basis of the principles established in Madrid and Oslo and in conformity with resolutions adopted by the United Nations Security Council. There was no alternative to swift and full implementation of the Road Map in good faith by the two sides.

19. The representative of the **Syrian Arab Republic** thanked UNCTAD for its continuous support for the Palestinian people. The secretariat's report provided an objective overview of the economic aspects of the suffering of the Palestinian people. The analysis raised the question as to the feasibility of bringing about economic development for a people shattered by occupation and deprived of their minimum development rights, as embodied in international laws and conventions. The international community should assume its responsibility to put an end to Israeli occupation and ensure the implementation of relevant Security Council resolutions.

20. He expressed support for the report's recommendations, which stressed the need to link relief efforts with long-term development objectives, particularly in agriculture. He urged the international community to maintain its support for the Palestinian people and for the Assistance for the Palestinian People Unit so as to enable it to fulfil its mandate. In conclusion, he called upon the international community to oblige Israel to cease settlement expansion, the economic siege and destruction of the development infrastructure in the occupied Arab territories and to withdraw from those territories. A just and comprehensive peace, based on international legitimacy, would spur development opportunities throughout the region.

21. The representative of **Egypt** thanked UNCTAD for its efforts and said that the secretariat's report came at a critical time, where there were daily attacks on the livelihood of the Palestinians to

deprive them of their economic, social and inalienable human rights, as well as their legitimate political rights. This necessitated additional support for all the organizations assisting the Palestinian people and refugees. The ultimate goal was the independence of the Palestinian people, and this should be the benchmark for all economic assistance. The destruction of the Palestinian economic base and infrastructure by the occupying authorities had created holes through which international aid leaked to the occupying authorities Hence there was a need to integrate economic and political efforts and to implement all relevant UN resolutions that called for the withdrawal of Israeli forces from all occupied territories and proclaimed the Palestinian people's right to their own politically independent and economically viable state.

22. The continuous destruction and economic deterioration had transformed Palestine into a war-torn economy with a distorted structure, negative growth, fiscal pressure, reduced per capita income and savings, and increased external economic dependency and poverty. The international community should assume its responsibility to alleviate this tragedy and to avoid an even greater human, social and economic crisis. He supported UNCTAD's projects to enhance food security, trade, investment promotion, preferential treatment and institutional capacity building. However, there was a need for innovative solutions, and UNCTAD would have to apply its technical and analytical knowledge and take advantage of new telecommunication technologies to allow the Palestinian people to overcome internal and external geographic barriers. In conclusion, he saluted the Palestinian people for their strong will and extraordinary persistence, which would inevitably lead to national independence with international legitimacy.

23. The representative of **Algeria** said that UNCTAD had always provided an accurate overview of economic and social developments in the occupied Palestinian territories in the light of the political crisis and the devastating impact of Israeli practices. The Road Map had generated hopes for a return to negotiations, but the secretariat's latest report confirmed the devastating impact of war on private and public Palestinian institutions that had been ravaged by the Israeli economic blockade.

24. Despite the deteriorating conditions and Israeli impediments, UNCTAD had maintained its assistance to the Palestinian people in accordance with the Palestinian Authority's needs and development priorities. It had also suggested new activities to assist the Palestinian people withstand the economic crisis, particularly in respect of food security, trade facilitation, special and differentiated treatment for Palestinian exports, regional integration and investment promotion. He expressed his appreciation for those efforts and support for the proposed new activities, and called upon the donor community and international organizations to sponsor these activities.

25. The representative of **Israel** asked whether the existence of a special agenda item dealing with the Palestinian economy and the special secretariat programme dealing with this issue was really in accordance with objective economic criteria or the result of ulterior political motives. According to all reasonable criteria, the situation of the Palestinian economy was far better than in many other areas of the world. Some of the statistics in the secretariat report were questionable; compared to the data in

recent IMF and World Bank reports, the UNCTAD report featured questionable disparities in some major indicators. In addition the report downgraded the growth of the Palestinian economy prior to the recent riots. It missed the clear connection between economic growth and the cessation of violence, and it failed to mention that the bulk of the $700 million of Palestinian tax revenue withheld until the end of 2002 had long ago been transferred to the Palestinian Authority. The report also failed to mention the recently discovered details of $900 million funneled to a private secret account under Mr. Arafat's personal authority, instead of reaching the Palestinian budget. If the situation was so dire, this sum should have been used to alleviate the Palestinian economic plight. In addition, the report did not disclose IMF estimates that the Palestinian economy had recently begun to stabilize and that the deterioration had been contained, nor did it take into account that structural factors, which had nothing to do with Israel, exercised a strong negative impact on the Palestinian economy. The report focused on the potential damage to the Palestinian economy from its interconnection with the Israeli economy, while other sources, including the IMF and the World Bank, highlighted the potential benefits of cooperation.

26. The report avoided the key questions of why the current situation had been reached and how the deterioration of the past three years could have been avoided. It did not ask why the Palestinian Authority had decided not to continue the political process and instead had resorted to continuous violence against Israelis with an unclear political goal. He asked whether the initiators of this violence had considered the difficulties of sustaining positive economic development in an environment they had consciously created, with a wave of violence that had hurt not just the Palestinian economy but also other economies in the region, especially Israel.

27. Israel had tried repeatedly to put the economic system back on track by facilitating trade and employment of Palestinian workers in Israel. But repeatedly the responses were violent attacks on Israeli civilians and soldiers, terrorist atrocities, especially suicide bombings in Israeli cities, restaurants, buses and universities, which had hindered the continuation of those positive initiatives. However, Israel had been willing throughout the past three years to act together with the Palestinians for the improvement of their economy, including by means of the recent entry into Israel of 25,000 Palestinian workers, renewed activities in border industrial zones, efforts to promote industrial parks, and granting permission to thousands of Palestinian businessmen to enter Israel. Unfortunately, continuous efforts to open Israel to Palestinian day labourers had produced only acts of terror, such as the recent suicide bombing atrocity in Haifa and warnings of impending attacks that had forced Israel to re-institute restrictions on the entry of Palestinians into Israel.

28. Once the violence had ended and a political process had resumed, all parties should be ready for the "day after", with economic improvement in the Palestinian, Israeli and Arab economies. If UNCTAD really wanted to play a positive and significant role in these areas, objective professional analysis should be the focus of its work, rather than finger pointing at one party. The time spent on this discussion had been useless; putting an end to violence and incitement, cracking down on

terrorism and reinvigorating the peace process was what would bring about economic growth. That was the message that the Board should send to those political powers that had asked UNCTAD and other international fora to place such emphasis on the Palestinian situation. All the rest was rhetoric.

29. The representative of the **Islamic Republic of Iran** said that the atrocities of the occupying regime against the Palestinian people during the last three years had neutralized all bilateral and multilateral aid to Palestine and caused unbearable conditions for the population and serious challenges for the governing Authority. UNCTAD's technical assistance activities might be effective in a peaceful situation, but in a violent environment with daily aggressions and assassinations by the Israeli army a new approach would be needed to meet Palestinian needs in respect of health, shelter and food security. In this context, he expressed his appreciation for UNCTAD's efforts to prepare, in cooperation with other international organizations, an emergency plan for the Palestinian people within the framework of the Millennium Development Goals, as well as for the "Palestine Rehabilitation and Development Forum" initiative, and he emphasized his country's willingness to contribute to such efforts. He also encouraged UNCTAD to facilitate more active participation of Palestinian experts in its expert meetings, regional workshops and seminars, as well as in its capacity building activities.

30. The representative of **Afghanistan** said that the secretariat's report depicted an alarming situation in the occupied Palestinian territories. However, it failed to highlight the factors that had led to the present situation, in particular the drastic measures imposed under the guise of security that had impacted the daily lives of the Palestinian people. These included land confiscation, destruction of houses, uprooting of trees, expansion of settlements, targeted assassinations and the infamous wall. He expressed support for the recommendations outlined in the report, which emphasized that the State of Palestine, as envisioned in Security Council resolution 1397 (2002), should not repeat mistakes made elsewhere in dealing with the economic legacy of war. The need for the revival of the private sector could not be over-emphasized. He agreed that, even under conditions of uncertainty, the Palestinian Authority needed to develop integrated trade and labour policies based on an economic vision with quantifiable, time-bound, achievable and sector-specific objectives. He commended the secretariat for its vision and systematic work on the Palestinian economy and for its continued technical assistance under almost impossible conditions, and he called for further resources to be directed through UNCTAD from traditional developed country donors and Arab donors and multilateral institutions. However, the important work of UNCTAD and other agencies could not be a substitute for serious and sustained efforts by the international community to insist that the Road Map to a peaceful settlement be implemented without further delay.

31. The representative of **Lebanon** noted that the past three years had witnessed continued deterioration in the occupied Palestinian territory's economic conditions. The economy's structural weaknesses had been aggravated, its trade and fiscal deficits had increased, and poverty had soared, turning the Palestinian territory into a war-torn economy. The systematic Israeli destruction of

Palestinian infrastructures, the closure policy, the movement restrictions and other practices that deprived the Palestinians of their social and economic rights had aggravated economic conditions considerably. She expressed gratitude to UNCTAD for its continued assistance for the Palestinian people and emphasized the necessity of maintaining that assistance. She also urged the international community and donor countries to intensify their support to enable the Palestinian people to achieve economic, social and political independence.

32. The representative of **Jordan** said he had hoped that this year's report would be more positive than last year's, but instead it indicated a debilitated Palestinian economy heading towards more hardship, and that reflected negatively on social conditions. It had been hoped that the Road Map could constitute a solid basis for progress towards peace, but it seemed that there was still a need for serious commitment to ensure its implementation. Progress in that domain would lead to an economic road map, which would set out the steps required to rescue the Palestinian economy. He appreciated the leading role of UNCTAD's Assistance to the Palestinian People Unit in supporting the Palestinian Authority agencies concerned with macroeconomic management, and he hoped that UNCTAD would continue assuming that role. He also hoped that donors would increase their support for UNCTAD for it to be able to implement the proposed new activities. He particularly hoped that new regional and international funding sources would also provide support for these activities. Finally, the adverse economic developments experienced by the Palestinian economy were not limited to the Palestinian territories, but had spread to all other countries in the region, including Israel.

33. The representative of the **United States of America** said that people might differ on how they assigned blame for the situation in Palestine, but no one could dispute the devastation that had overtaken the Palestinian people in recent years, as the evidence was very clear. His Government's approach to the problem had three parts. First, peace was paramount, and any political or economic progress required an effective Palestinian security performance; without a Palestinian authority that could effectively direct its people towards peace, it would be very difficult to make progress. Second, progress would require a serious political process that aimed at a two-state solution and brought hope to Palestinians and Israelis alike. Third, the abiding economic crisis would require a continuing humanitarian effort, as well as building responsible Palestinian institutions. His country had taken the lead in both development and humanitarian efforts, with contributions of over $1 billion to the Palestinian Authority and people since 1993. In 2002, United States assistance to the Palestinian people had totalled over $180 million. This made the United States the largest bilateral donor in the West Bank and Gaza. However, money alone could not do the job, and there was a need for partners to work constructively to address Palestinian needs and put both parties back on the path to peace.

34. The representative of **Tunisia** thanked the Assistance to the Palestinian People Unit for the important efforts deployed in helping the Palestinian people withstand the Israeli closure and other practices that had suffocated the Palestinian economy. The secretariat's report showed the magnitude of the Palestinian people's suffering and the economic deterioration that had transformed the

Palestinian territory into a war-torn economy. This situation required the donor community to increase its assistance to the Palestinian people, not only by addressing their emergency needs, but also by promoting sustained economic development. He commended UNCTAD's concerted efforts in assisting the Palestinian Authority and expressed his support for UNCTAD's proposed new activities, especially in the area of food security, trade facilitation, and transport and supply. He called upon donor countries to provide the resources required to implement these activities.

35. The representative of **Indonesia** agreed that continuous economic decline and widespread devastation had transformed the occupied Palestinian territory into a "war-torn economy". It was the international community's duty to ensure the alleviation of the current economic conditions and to ensure that the Palestinian Authority continued to function and prepare for the inevitable establishment of the Palestinian State. Efforts undertaken by the international community would not have the desired maximum effects if the Palestinian people were not given the chance to rebuild their economy in a peaceful environment. The Palestinian people and the Palestinian Authority should therefore play an important role in addressing development priorities in the post-conflict reconstruction stage. Moreover, the role of the private sector, notably small and medium-size enterprises, would be of vital importance. She welcomed UNCTAD's proposed new activities, particularly those targeting food security, trade facilitation, and investment promotion. She also underlined the need to build an international strategic partnership so as to ensure the provision of adequate assistance to the Palestinian people.

36. The representative of the **League of Arab States** said that the secretariat's report provided a clear picture of international aid to Palestine and of how the Israeli occupation completely controlled the lives of the Palestinian people. This situation had further impoverished the people and deprived them of their ability to produce, thus forcing them to be completely dependent on Israel's products and its economy: 70 per cent of the Palestinian trade deficit derived from payments for imports originating in Israel, which meant that the Israeli economy had accessed up to $1.4 billion of the $2 billion relief funds sent to Palestine in 2001 and 2002. In other words, about 50 per cent of domestic production leaked to the Israeli economy every year. The intention of Israeli policies was to distort and de-formalize the structure of the Palestinian economy, and this had led to a severe reduction in the capacity of small and medium-size enterprises to produce and employ. He urged the international community to take a stronger stand in the face of the occupation and the closure and collective siege policies imposed by the Israeli occupying forces. He also called for increasing support for the Palestinian people and reassessment of the Israeli-Palestinian economic relationship that had led to such a tragic situation.

37. He supported the secretariat report's recommendations, which called for a framework to link relief and development. It was unfortunate that a large portion of the substantial sums allocated by the Arab summit in Beirut in 2001 to assist the Palestinian people had been diverted to the Israeli economy, and support must therefore be provided to the Palestinian small and medium-size private

sector. In conclusion, he praised the persistence of the Palestinian people, which would ultimately lead to the creation of their independent state, and he hoped that UNCTAD members would increase their support to enable the Assistance to the Palestinian People Unit to continue its important activities.

D. Report of the Meeting of Eminent Persons on Commodities Issues[4]

1. For its consideration of this item, the Board had before it the following documentation:

> "Report of the Meeting of Eminent Persons on Commodity Issues, held at the Palais des Nations, Geneva, 22–23 September 2003" (TD/B/50/11)

2. The **Secretary-General of UNCTAD** recalled the importance of commodities for the development process in many developing countries, in particular LDCs. The special problems faced by the commodity sector included declining terms of trade, sharply fluctuating prices and revenues, stagnant demand, the inability to diversify production and export structures, and supply-related weaknesses, including the inability of exporters in many developing countries to enter the more dynamic and lucrative segments of commodity markets. Of course, commodities were not just a problem: they could also be an opportunity if countries made good use of them. Although problems had persevered over the years, discussions at international fora had shown at best a cyclical pattern, and over the last two decades the approach had been one of benign neglect. The social and economic hardships caused by the devastating price situation, in particular for coffee and cotton, had recently attracted considerable attention. The way forward called for a process of constructive thinking, supported by strong political commitment, on commodity initiatives that focused on the principal problems, were in line with the realities of the day and, whenever possible, were innovative.

3. The group of 15 eminent persons on commodity issues had featured different and in fact opposing philosophical and political approaches to commodity problems and possible solutions. In spite of its heterogeneity, the group had agreed on recommendations that were remarkably substantive, well focused, prioritized and operational. These recommendations took account of developments in related fora such as the WTO and used the lessons learned from the positive experience of several developing countries that had been successful in the area of commodities. The subject areas of highest priority were: enhanced, equitable and predictable market access for commodities of key importance to developing countries; addressing the problems of oversupply; making compensatory financing schemes user-friendly and operational; strengthening capacity and institutions; and pursuing the possibilities for the creation of a new International Diversification Fund. The priority accorded to compensatory financing schemes and the diversification fund was especially

[4] Included in the Board's report to the General Assembly further to General Assembly resolution 57/236.

significant and reflected new thinking. The recommendation on compensatory financing was an important step in bringing compensatory financing schemes in line with modern trading practices, and in the case of the diversification fund, the innovative step was to suggest that such a fund focus on developing private sector capacity and to link it to specific activities such as strengthening institution-building and capacity building.

4. With regard to the other recommendations, the emphasis on corporate social responsibility and broad-based partnerships in the search for solutions to commodity problems was significant in that it had the support of a high-level representative of the private sector, namely the CEO of Nestlé. Regarding fiscal management, the importance attached to the inextricable link between institution building in fiscal management and a strong governance framework merited particular mention.

5. Recommendations addressed to UNCTAD provided very useful guidance for its work on commodities, and UNCTAD would do its best in particular to satisfy the request to explore the possibilities for a new partnership between Governments, private business, producers' and traders' associations, civil society and international organizations in the commodity area, and to announce such a partnership at UNCTAD XI. Finally, the Eminent Persons' Report would now be taken up at a panel organized by the presidency of the General Assembly on 27 October in New York and then considered in the General Assembly's Second Committee.

6. The representative of **Thailand**, speaking on behalf of the **Group 77 and China**, noted that several major recommendations of the Report were given highest priority: firstly, enhanced, equitable and predictable market access for commodities of key importance to developing countries; secondly, the need to address the problems of oversupply of many commodities through a sustained programme of diversification and moving up the value chain, carried out at both national and global levels; thirdly, more user-friendly and operational compensatory finance schemes, with the possibility of pursuing the idea of creating a new Diversification Fund; and lastly, support for capacity building to benefit from diversification opportunities.

7. The decline in terms of trade for commodities remained one of the most important trade problems for many developing countries. The vulnerability and volatility of commodities were major impediments to economic development and contributed to perceived risks and difficulties in attracting foreign direct investment. The Eminent Persons' Report showed that there was a wide range of actions that could improve the conditions of commodity markets and help alleviate poverty. Given the consensus on this matter, there was no excuse for the current inaction in addressing these problems. The Report indicated a way forward and could be implemented provided there was the political will. Her Group wished to pursue this matter with its development partners, starting with the General Assembly's debate on the Report. Dealing with the problems of the commodity sector was a crucial element in reaching the Millennium Development Goals related to poverty reduction. She hoped that this initiative on the part of the General Assembly would provide a new impetus to the search for solutions to commodity problems of developing countries through international cooperation.

8. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said that commodities remained the economic backbone of many developing and least developed countries. The problems highlighted in the Eminent Persons' Report included secular price declines and volatility, terms-of-trade losses, and institutional bottlenecks at both the international and the domestic level. These hampered national efforts to capture significant market shares for traditional export commodities, as well as for high-value agricultural products, and he hoped that the recommendations made in the report would be fully implemented.

9. In terms of market access and declining farm prices, the failure to penetrate dynamic markets was especially marked for African countries, and the historically low commodity prices aggravated the situation. Increasing yields was not a remedy. Instead, export subsidies and other market-distorting forms of domestic support in developed countries should be eliminated. Increased subsidies for cotton producers in developed countries had had a devastating effect on cotton-dependent countries, particularly in the UEMOA area.

10. The Board should support the Eminent Persons' conclusions and the General Assembly should take steps to ensure their implementation. Full and effective implementation would require the coordinated mobilization of all stakeholders and resources at the national, regional and global levels. UNCTAD should continue its substantive and technical work in the area of commodities, and donor countries should enhance their contribution to UNCTAD for the implementation of the recommendations. In addition, the Secretary-General of UNCTAD should seek ways and means to increase the regular budget of UNCTAD. Finally, he recalled the importance of the commodity sector for the socio-economic development of Africa, and hoped that the debate in New York would result in strong political support from the international community.

11. The representative of **Benin** said that the report of the Eminent Persons on Commodity Issues proposed specific measures for the short, medium and long term, the implementation of which would allow a reversal of recurrent negative effects in the commodity sector such as those noted in recent years. LDCs were facing multiple difficulties that prevented them from taking advantage of the commodity sector, which constituted the backbone of their economies and the principal activity; commodities accounted for about 60 per cent of export earnings and employed approximately 80 per cent of the workforce. The constraints faced by developing countries included market access problems due to high tariffs, tariff peaks, tariff escalation, sanitary and phytosanitary measures, technical barriers to trade, and rules of origin, as well as subsidies and domestic support accorded by developed countries to their producers and exporters. These market-distorting measures placed developing countries, particularly LDCs, at a disadvantage in the value chain. Cotton producers had been severely affected by the dramatic consequences of subsidies in developed countries, and the price declines and increased price volatility for other products of interest to LDCs, such as coffee, were also matters of major concern. In addition, the need to use declining export earnings to service debt seriously complicated the economic situation of countries already suffering from budget deficits. All these

external factors, as well as human and institutional weaknesses, seriously limited the capacity of LDCs to enhance productivity and diversify their production. The recommendations contained in the Report of Eminent Persons should be ratified by the General Assembly, especially on the following points: enhanced, equitable and predictable market access for commodities of key importance to developing countries; addressing the problems of oversupply for a number of commodities; making compensatory financing schemes user-friendly and operational; strengthening capacity and institutions; and pursuing possibilities for the creation of a new International Diversification Fund.

12. The representative of **Italy**, speaking on behalf of the **European Union, the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) and the associated countries (Bulgaria, Romania and Turkey)**, said that the Eminent Persons' recommendations were useful but they focused disproportionately on what should be done at the international level. Significant efforts were also needed at the national level, in particular in the most commodity-dependent countries. The EU had been actively analysing commodity sectors from the point of view of the whole chain of production, trade, processing and retailing, and the way ahead for commodity-dependent countries lay primarily in strengthening capacity and institutions. Efforts were needed to increase competitiveness, profit margins, added value and the share of consumer prices that went to producers. Diversifying away from commodities was the long-term sustainable solution. Capacity building should be based on individual in-country analysis, and the bulk of efforts must take place at the national level, though with appropriate coordination internationally. Special attention should be paid to improvements in public financial management systems and resource mobilization, with a focus on institution building within a strong governance framework. This focus could lead to a greater contribution of the sector to poverty reduction.

13. The EU supported the Report's call for a speedy resumption of the WTO trade negotiations, which offered the best opportunity to tackle commodity problems. The EU encouraged other developed countries to follow the EU's example and arrive at zero tariffs on most or all trade with LDCs and ACP countries. On cotton, the EU had indicated its willingness to eliminate the most trade-distorting support to ensure that the impact of the Community's cotton regime on West and Central African farmers would remain minimal. There was a need for an equitable response from the international community, and significant change would require action from other bigger players on the market. Compensatory schemes, for cotton or for other commodities, would not be a desirable way to address the complex linkages between agricultural policy and international trade. These issues would be better addressed through integrated WTO negotiations.

14. The introduction of an export fee would translate into lower prices for farmers, the weakest party in the supply chain. He expressed general support for the programmes of the International Coffee Organization and the Eminent Persons' recommendations on encouraging the coffee industry to take greater responsibility for its primary suppliers. The chances of success of producer-consumer management schemes were very limited, since they would depend primarily on the willingness of

producers to participate in them, which was not likely at present. In a situation of limited resources, donors should rather focus on specific structural problems of the most dependent countries and their producers.

15. The EU supported the idea of continuing analysis of the implications of subsidies on supply and reducing subsidies that led to oversupply. The challenge here was to remove the most trade-distorting subsidies. Though compensatory finance might help to cope with the effects of international price volatility, it could not reduce volatility per se, and might contribute to the distortion of markets and incentives to diversify. Different tools were needed for different objectives. Price risk management for producers at the local level should be developed further, and the EU was also looking into more market-based insurance schemes. Commodity-producing countries must develop their internal safety net systems as a complement to any macro-level support.

16. The EU did not think that the creation of a specific diversification fund would add value. Responding to every specific problem with a specific fund or institution would lead to fragmentation of development assistance and undermine countries' ownership of their development strategies. Here again, these issues should be addressed within countries' development strategies and plans.

17. Recommendations of the Report for action by UNCTAD could be discussed further at UNCTAD XI, and appropriate coordination should be ensured with other relevant bodies, including the Common Fund for Commodities, international commodity organizations, international financial institutions and FAO.

18. The representative of **Colombia** expressed support for the Eminent Persons' Report. However, she did not share the short-term recommendation on coffee in paragraph 9 of the report, which referred to the imposition of an export fee. If the proposal was to charge the fee to intermediaries or final traders who had large profit margins, that might be feasible, but she could not see how the fee could be handed on to final consumers, who were already paying very high prices, since that would affect consumption, nor could producers be made to pay, since that would aggravate their already poor situation. Other ways to increase the added value of the product should be envisaged. Overall, the share of processed coffee in the total exports of coffee producers had not exceeded 6.5 per cent in any single year since 1980, and the share of roasted coffee had never exceeded 0.2 per cent of total exports of coffee producers. There was therefore a need for measures to increase market access for more processed coffee. Prices for Colombian coffee in 2003 were lower than in 1990, and they had declined continuously since their peak in 1997. This dramatic reduction in coffee prices had led to increased poverty in rural areas, the conversion to illegal crops of land previously used for coffee, and the increasing marginalization of coffee producers.

19. The representative of the **United States of America** said she assumed there was agreement that excessive tariffs on agricultural goods, as well as production and export subsidies for agricultural products, had damaged world trade. That was why, in the months before the Cancún meeting, the

United States had focused on developing a far-reaching framework for the reduction of agricultural tariffs and subsidies, and at Cancún it had presented a comprehensive proposal that addressed the impact of subsidies on cotton producers. She hoped for a rapid resumption of the Doha Round, which would also allow the United States to revive efforts in these areas.

20. Discussing debt relief in the context of the Report was out of place, as debt relief was an issue for indebted countries and their creditors and not an issue on which commodity experts could contribute much. Compensatory finance had not worked previously, and it was not an experiment that needed to be repeated; it might provide producers with some short-term relief, but in the end they would almost invariably founder, and the funds would be lost without stabilizing markets. The same was generally true for producer-producer and producer-consumer supply management schemes, and producers would in any case have difficulty in making the case for such arrangements, particularly in WTO.

21. The Report rightly referred to the "large potential benefits from the liberalization of trade among developing countries". As some of the largest commodity consumers in the world were now developing nations, opening up their markets would be of immense benefit to commodity producers. Building supply and institutional capacities in developing countries also merited emphasis. Steps should be taken to address weak institutions and weak legal and regulatory frameworks, which were the bane of producers and traders. There might also be some benefit from developing market-based risk management tools for some commodities. However, these were not a panacea and required proper conditions to work well. There were indeed steps that the international community could take in regard to commodity markets, but some were useful and some were not, and the challenge was to winnow the good from the bad.

22. The representative of **Ethiopia** said that the developing countries, in particular those in Africa, the majority of which were dependent on commodity exports, had suffered greatly from the decline in commodity terms of trade. This decline had had devastating consequences at both macro and micro levels. It was particularly troubling that the brunt of the shock had been borne largely by one side, i.e. producing countries. The case of coffee was most revealing in this respect. Currently, producers were getting only 1 per cent of what the final consumer was paying. Poor farmers were unable even to cover their production costs, while the giant coffee-producing companies were collecting hefty profits. The decline in coffee prices had also exacerbated poverty, caused food insecurity, and had had a devastating impact on health care in many African coffee-exporting countries. Social and physical infrastructure was seriously affected. In addition, the crisis had further aggravated the debt burden; the collapse of coffee prices had prevented countries from benefiting from the HIPC programme, as they were not able to meet the required thresholds, which were based on optimistic assumptions regarding export growth. The decline in export revenues exceeded the benefits that the poorest countries could get from debt relief programmes, and the loss in revenues from coffee exports had not been offset by increases in exports in other sectors. By way of example, Ethiopia's total export earning had declined severely during the last three years.

23. It was therefore absolutely essential that any serious commitment to poverty reduction should address the devastating consequences of the collapse in commodity prices, and Ethiopia fully supported the appeal by the eminent persons to address the issues of coffee and cotton as top priorities. Ethiopia also fully supported all other short-term, medium-term and long-term measures outlined in the report with the ultimate goal of stabilizing commodity prices. However, as coffee traders in Ethiopia were in a very bad economic situation, he could not agree with the idea that coffee exporters be taxed, as seemed to be proposed by the Eminent Persons.

24. The representative of **Japan** said that he was unable to make substantive comments on the Report, as it had been impossible to finalize internal consultations in the time available. He hoped that there would be opportunities to discuss the report at length in the future.

25. The representative of **Nigeria** welcomed the Eminent Persons' recommendations as focused and implementable, and said that revitalization of the commodity sector was of paramount importance for poverty reduction in commodity-dependent developing countries and for the achievement of the Millennium Development Goals. Progress on increased market access and reduction of subsidies in general, as well as early action in the cotton sector and for other relevant commodities, were also crucial.

26. Trade-related capacity building was essential to develop human capital in commodity-dependent developing countries in order for them to design effective supply responses and initiate innovative price and risk management schemes. Compensatory financing mechanisms would be useful, even within the ambit of existing schemes, and measures to deal with oversupply and boost alternative uses were also necessary. Lack of information and capacity in terms of using existing opportunities must be addressed, and the information dissemination capacity of UNCTAD and other relevant organizations should be strengthened. Regarding an International Diversification Fund, consideration should be given to linking such a fund to the Common Fund for Commodities to avoid duplication. He welcomed the proposal for a new partnership in commodities and emphasized the need for all concerned to work together to design a suitable compensatory financing arrangement.

27. The representative of **Mexico** said that the Eminent Persons' report was very useful, though he expressed concern about the proposal to consider imposing an export fee to help alleviate poverty arising from low coffee prices. In that connection, further to the International Coffee Agreement, 2001, and the recommendations of the International Conference on Coffee, a plan of action had been approved for the period 2001-2006 with the aim of improving the quality of coffee, diversifying, and eliminating barriers to coffee trade. This programme, promoted jointly by Mexico and other Latin American countries, particularly Colombia, Guatemala, Honduras, Nicaragua and El Salvador, had been in place since 1 October 2002. It was through the implementation of that plan that the poverty of the 25 million producers of coffee could be alleviated and not through the creation of new fees, which would be irrational.

28. The representative of **Angola** said that the Eminent Persons' Report was of great interest, and he congratulated UNCTAD for its work on commodities, especially products of great importance to Angola such as hydrocarbons. Angola had hosted the 7th Conference on Trade and Financing for Oil and Gas in Africa in May 2003. With peace being established in Angola, the principal motivation for the country now was to exploit its oil resources so as to alleviate poverty. The priority was to find ways and means to retain the value added of the oil industry in the country so that the sector could become the main engine of growth. Angola would call upon the expertise of UNCTAD in this area and encouraged development partners to provide increased resources so that UNCTAD's efforts could be expanded.

29. The representative of **Cuba** recommended that the Eminent Persons' Report be endorsed by the Board and submitted to the General Assembly for further analysis and ratification. There was an urgent need to eliminate protectionist polices and in particular to further reduce tariffs, tariff peaks and subsides, as well as other non-tariff barriers and cumbersome rules of origin and phytosanitary and other regulations. There was also an urgent need for debt relief, as debt servicing in many developing countries was financed by revenue from commodity exports, and prices were now at their lowest levels ever. Compensatory finance must be made more operational, it must be easy to access, and it must be based on ex-ante rather than ex-post mechanisms. South-South cooperation was also important, including the reinforcement of preferential arrangements among developing countries.

30. UNCTAD had a crucial role to play in respect of commodities of importance to developing counties, in particular sugar, coffee and cotton, and the sector should feature in the outcome of UNCTAD XI. In that connection, more funds were needed to finance UNCTAD's work on commodities. The General Assembly should have the Eminent Persons' Report distributed to other international organizations.

31. The representative of **Uganda** said that the Eminent Persons' Report on Commodities represented a consensus on commodities. Success in the negotiations at WTO, especially substantial reductions in subsidies for producers in developed economies, was of primordial importance. The cotton problem was a crucial one, and the difficulties inflicted upon producers in Africa must be seen as both an economic and a moral issue. Compensation must be provided. Uganda supported the idea of creating an International Diversification Fund, but such a fund should be seen in the context of existing financial institutions such as the Common Fund for Commodities. He stressed the importance of getting a constructive outcome from the negotiations in the General Assembly.

32. The representative of **Canada** expressed the hope that the Eminent Persons Report would be taken up seriously by the General Assembly. It was commendable that the report put emphasis on a speedy resumption of WTO negotiations. In general, regarding the recommendations, more discipline in the implementation of what was already in place was more important than new mechanisms. Export restrictions, taxes and fees should be avoided. Well functioning markets and market-based instruments were important and useful. Compensatory finance did not resolve problems, and ex ante

finance could mask market signals. Capacity building was required, and needs in this respect should be identified in the context of Poverty Reduction Strategy Papers. Sharing experiences among developing countries, as well as South-South trade, could help in development efforts, and these should be facilitated. Rather than diversifying into other commodities, improving technological capacities and production methods and "diversifying up" could be important aspects of the way forward.

33. The representative of **South Africa** noted that Board discussions in 2003 had been dominated by commodity issues. The deliberations on the Eminent Persons' Report, which provided a clear set of actions, especially regarding the coffee sector, represented the culmination of those discussions. He expressed concern over the dismissive attitude of some delegations regarding some of the Report's proposals, and in particular regarding debt relief measures and compensatory financing, both of which served to mitigate the impact of a fall in commodity prices. It was time to take concrete actions for the sake of poor segments of society. Finally, the generalized system of preferences (GSP) suffered from important problems that needed to be solved.

34. The representative of **Barbados** welcomed the Report and expressed the hope that appropriate financing would be made available to develop work on commodities in international organizations, in particular UNCTAD and WTO, and to implement the actions proposed in the Report. These actions were of crucial importance to many commodity-dependent countries, including those in the Caribbean.

35. The **Deputy Secretary-General of UNCTAD** recalled that the Meeting of Eminent Persons had taken place in response to a General Assembly resolution and that, as required in that resolution, the report in its entirety and as drafted by the Eminent Persons would be transmitted to the General Assembly for consideration at its current session. A summary of the discussions at the Board would also be presented to the General Assembly. Regarding the proposal for an export fee, clarification had been sought from the eminent persons, who had indicated that the intention of the recommendation was to impose a fee on certificates of origin, to be paid by importers.

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The fiftieth session of the Trade and Development Board was opened on 6 October 2003 by Mr. Dimiter Tzantchev (Bulgaria), the outgoing President of the Board.

B. Election of officers

(Agenda item 1 (a))

2. At its 944th (opening) plenary meeting, on 6 October 2003, the Board elected by acclamation Mr. Sha Zukang (China) as President of the Board for its fiftieth session.

3. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board at its fiftieth session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President:	Mr. Sha Zukang	(China)
Vice-Presidents:	Mr. Michel Adam	(Belgium)
	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Chitsaka Chipaziwa	(Zimbabwe)
	Mr. Djismun Kasri	(Indonesia)
	Ms. Melissa Kehoe	(United States of America)
	Mr. Mohamed Oulde Mohamed Lemine	(Mauritania)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Iván Mora Godoy	(Cuba)
	Mr. Mitsunori Nanba	(Japan)
	Mr. Dimiter Tzantchev	(Bulgaria)
Rapporteur:	Mr. François Leger	(France)

4. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairpersons of the Sessional Committees, would be fully associated with the work of the Bureau.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

5. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/50/1. (For the agenda as adopted, see annex I below.)

6. At the same meeting, the Board established two sessional committees to consider and report on items on its agenda as follows:

Sessional Committee I

Item 3: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010: (a) UNCTAD-wide activities in favour of LDCs; (b) The expected impact of recent initiatives in favour of least developed countries in the area of preferential market access.

Sessional Committee II

Item 4: Economic development in Africa: Issues in Africa's trade

7. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairperson: Mr. Marc Giacomini (France)

Vice-Chairperson-*cum*-Rapporteur: Mr. Patrick Krappie (South Africa)

8. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairperson: Mr. Mohamed Oulde Mohamed Lemine (Mauritania)

Vice-Chairperson-*cum*-Rapporteur: Mr. Steinar Lindberg (Norway)

D. Adoption of the report on credentials

(Agenda item 1(c))

9. At its 952nd plenary meeting, on 17 October 2003, the Board adopted the report of the Bureau on the credentials of representatives attending the fiftieth session (TD/B/50/13), thereby accepting the credentials.

E. Provisional agenda for the fifty-first session of the Board

(Agenda item 1 (d))

10. At the same meeting, the Board requested the UNCTAD secretariat to draw up a draft provisional agenda for the fifty-first session of the Board in the light of the outcome of UNCTAD XI and to submit it to consultations of the President following the Conference.

F. Appointment for 2004 of the members of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action

11. At its 951st plenary meeting, on 17 October 2003, the Board appointed the members of the Advisory Body for the period October 2003–October 2004, as follows: Mr. Sha Zukang (President of the Board); Mr. Iouri Afanassiev (Russian Federation); Mr. Sergei Aleinik (Belarus); Mme Naela Gabr (Egypt); Mr. Jaynarain Meeto (Mauritius); Mr. Patrick Krappie (South Africa); Mrs. Clemencia Forero Ucros (Colombia); Mr. Carlos Pérez del Castillo (Uruguay); Mr. Romel Adames (Panama); Mr. Ahmed M. Masoud Al-Riyami (Oman); Mr. Shaukat Umer (Pakistan); Ms. Barbara Rietbroek (Netherlands); Mr. Steinar Lindberg (Norway); Mr. François Leger (France); Ms. Jatta Jämsen (Finland).

G. Inclusion of national NGOs in the Register in conformity with Board decision 43 (VII)

12. At its 952nd plenary meeting, on 17 October 2003, the Board was informed that, after consultations with China, the Secretary-General of UNCTAD had decided to enter the China Society for Promotion of the Guangcai Programme (CSPGP) in the register of national non-governmental organizations.

H. Review of the calendar of meetings

13. At its 952nd plenary meeting, on 17 October 2003, the Board approved the calendar of meetings for the remainder of 2003 and the first half of 2004 and a tentative calendar of meetings for the second half of 2004 (TD/B/50/L.2).

I. Membership of the Working Party for the Medium-term Plan and the Programme Budget for 2004

14. At its 952nd plenary meeting, on 17 October 2003, the Board approved the membership of the Working Party for 2004, as follows: Belarus; Benin; China; Cuba; India; Italy; Japan; Mexico; Oman;

Pakistan; Poland; Russian Federation; Senegal; Spain; Switzerland; United Kingdom of Great Britain and Northern Ireland; United States of America; Venezuela; Zambia.

J. Administrative and financial implications of the actions of the Board

(Agenda item 10 (f))

15. At the same meeting, the Board was informed that there were no financial implications arising from the work of its fiftieth session.

K. Adoption of the report

(Agenda item 12)

16. At its 952nd plenary meeting, on 17 October 2003, the Board took note of the reports of Sessional Committee I (TD/B/50/SC.1/L.1) and Sessional Committee II (TD/B/50/SC.2/L.1 and Add.1) and decided to incorporate them in the final report of the Board on its fiftieth session.

17. At the same meeting, the Board adopted the draft report on its fiftieth session (TD/B/50/L.5 and Add.1–6), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

AGENDA FOR THE FIFTIETH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers

   (b) Adoption of the agenda and organization of the work of the session

   (c) Adoption of the report on credentials

   (d) Provisional agenda for the fifty-first session of the Board

2. Interdependence and global economic issues from a trade and development perspective: Capital accumulation, economic growth and structural change

3. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010:

   (a) UNCTAD-wide activities in favour of LDCs

   (b) The expected impact of recent initiatives in favour of least developed countries in the area of preferential market access

4. Economic development in Africa: Issues in Africa's trade performance

5. Review of developments and issues in the post-Doha work programme of particular concern to developing countries

6. Technical cooperation activities:

   (a) Review of technical cooperation activities of UNCTAD (report of the Working Party on its forty-first session)

   (b) Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people

7. Preparatory process for the eleventh session of the Conference:

   (a) Establishment of the Preparatory Committee

(b) Approval of the provisional agenda for the Conference

8. Other matters in the field of trade and development:

- Progres ive development of the law of international trade: thirty-sixth annual report of the United Nations Commission on International Trade Law

9. Follow-up to decisions taken by the Board

10. Institutional, organizational, administrative and related matters:

(a) Report by the President of the Advisory Body, set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2002-2003 and their impact; and the appointment of the members of the Advisory Body for 2004

(b) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(c) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(d) Review of the calendar of meetings

(e) Membership of the Working Party for 2004

(f) Administrative and financial implications of the actions of the Board

11. Other business

12. Adoption of the report.

Annex II

PROVISIONAL AGENDA OF THE ELEVENTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

1. Opening of the Conference
2. Election of the President
3. Establishment of a Sessional Committee
4. Election of Vice-Presidents and the Rapporteur
5. Credentials of representatives to the Conference:
   (g) Appointment of the Credentials Committee
   (h) Report of the Credentials Committee
6. Adoption of the agenda
7. General debate
8. Enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries:
   (a) Development strategies in a globalizing world economy
   (b) Building productive capacity and international competitiveness
   (c) Assuring development gains from the international trading system and trade negotiations
   (d) Partnership for development
9. Other business:
   (a) Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)
   (b) Report of the Trade and Development Board to the Conference
   (c) Financial implications of the actions of the Conference
10. Adoption of the report of the Conference to the General Assembly.